Alberta weekly economic review

April 13, 2012

Housing Market

Alberta housing starts power ahead...

Home building is picking up in Alberta, with housing starts jumping 10.6% in March to 35,500 (seasonally adjusted at annual rate, SAAR), the highest level in four years. Starts were also up strongly over the same month last year, rising by a sharp 70%. While volatile on a monthly basis, starts are on a clear upward trend, rising in each of the last four quarters.

Nationally, housing starts rose 5.0% in March to 215,600 SAAR, the highest level since October 2008. On a year-over-year basis, Canadian housing starts jumped 17%, an increase that may have been aided by milder weather.

Alberta new house price remain flat...

Alberta new home prices continued to hold steady in February. Prices did not change over January and were up only 0.2% over last February. Contrary to many other Canadian markets, particularly Ontario, new house prices in the province have not seen year-over-year increases of more than one percent since December 2010. Nationally, new homes prices were up 2.3% over February of last year.

International Merchandise Trade

Alberta exports eclipse last year's levels but fall on monthly basis...

Alberta's exports rose a sharp 16.7% in February over the same month last year, with energy exports contributing the most to the increase. This marks the 26th consecutive month that exports have grown on a year-over-year basis.

However, the $7.9 billion reading marked the second consecutive month-over-month decline (-6.4%). Energy exports were the main source of the February decrease, falling back 9.2% after three straight monthly gains. Apart from energy exports, the agricultural & fishing (-4.7%) and machinery & equipment (-2.2%) product categories also contributed to the monthly decline.

At the national level, exports dropped 3.9% in February, primarily due to lower shipments to the US. The decline in exports narrowed the trade surplus further from January's $1.9 billion to $0.3 billion in February. This marks the fourth straight month of trade surpluses, the longest string since before the recession.

Canadian Business Outlook

Canadian businesses are more upbeat...

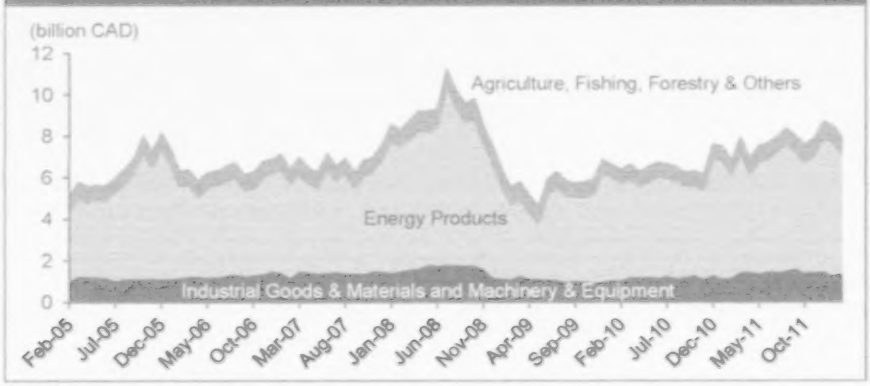
Canadian businesses signaled a more upbeat tone in the latest Bank of Canada Business Outlook Survey. According to the balanced opinion index, the outlook for sales has improved drastically. The number of firms seeing future sales improving minus those expecting sales to decline, jumped from -4 in the final quarter of 2011 to 35 in the first quarter of this year. On balance, firms are planning to increase investment in machinery and equipment, and to hire more staff to support current and expected sales growth. The survey also indicates that business access to credit has improved over the past three months. The brighter outlook is yet another positive report for Canada's economy, coming on the heels of last week's strong employment report for March.

US Economy

US trade deficit narrows sharply...

South of the border, the US trade deficit decreased 12.4% to US$46.0 billion in February, due to a slight increase in exports and a large cutback on imports. In particular, crude oil imports reached the lowest level in 15 years. Also noteworthy was a 18.2% decline in imports from China, which shrunk the US-China trade deficit to its lowest level in nearly a year.

Alberta Exports



Closing Prices	April 5, 2012	April 12, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAN)	100.73	100.50	100.37
WTI Oil ($US/bbl)	$103.31	$103.64	$102.08
NYMEX Natural Gas ($US/MMBtu)	$2.09	$1.96	$2.10

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Oct	Nov	Dec	Jan	Feb	Mar
Population[2] ('000s)	3,721	3,779	3,818	3,799			3,818		
% change	1.3	1.6	2.0	1.7			2		
Net Interprovincial Migration[2] (level)	-2,183	13,660	9,146	2,136			6,010		
Net International Migration[2] (level)	21,533	14,093	13,872	7,560			6,297		
Net Non-permanent Residents[2] (level)	777	7,968	2,400	2,536			105		
Labour Market									
Employment ('000s)	2,017	2,094	2,132	2,115	2,135	2,135	2,135	2,106	2,137
% change	0.4	3.8	3.3	3.4	4.0	4.0	3.9	2.8	3.1
Unemployment Rate (%)	6.5	5.5	5.1	5.1	5.0	4.9	4.9	5.0	5.3
Participation Rate (%)	72.0	73.7	73.9	74.1	74.2	74.0	74.1	73.7	74.0
Average Weekly Earnings ($)	992	1,039.6	1,066.5	1,062.8	1,043.9	1,049.8	1,065.5		
% change	4.5	4.7	3.5	4.5	3.9	4.4	3.5		
Price Indices									
Consumer Price Index	1.0	2.4	2.4	3.4	3.2	2.9	2.9	1.9	
Excluding food and energy	0.8	0.8	1.2	1.1	1.5	1.2	1.4	1	
Non-Res. Building Const. Price Index[3]	-0.1	3.4				4			
Farm Product Price Index	3.9	17.4	5.50	12.3	12.6	10.3	5.5		
Crops	-14.5	19.1	4.10	3.7	4.5	1.8	1.1		
Livestock	5.7	17.2	15.00	19.4	19.4	17.5	15		
Household Sector									
NEW: Housing Starts (SAAR, '000s)	26.9	25.5	31.2	33.1	30.1	29.5	26.9	32.1	35.5
% change	34.5	-5.3	49.1	25.4	35.6	38.3	54.2	42.7	60.9
NEW: New Housing Price Index[4]	0.5	0.4	0.4	0.7	0.4	0.5	0.7	0.2	
Edmonton	0.8	0.9	0.7	1.1	1.1	1.2	1.3	0.1	
Calgary	1.7	-0.1	0.2	0.3	-0.2	0.1	0.1	0.4	
MLS Average Resale Prices ($ '000's)	350.9	355.8	351.8	362.3	356.6	351.0	343.0	360.5	
% Change	3.1	1.0	0.7	1.4	0.3	0.7	2.7	3.2	
Edmonton ($ '000's)	326.5	325.7	329.6	336.7	336.1	329.2	325.2	334.1	
% change	2.3	0.9	2.7	0.7	0.9	1.3	0.7	4.7	
Calgary ($ '000's)	397.4	402.8	394.5	401.5	390.7	402.4	378.5	410.4	
% change	3.4	0.9	-2.9	1.4	0.2	1.7	-6.2	0.4	
Retail Sales	6.0	7.0	9.40	10.5	7.8	7.6	9.4		
New Motor Vehicle Sales	9.5	9.3	23.20	10.9	12.6	11.7	23.2		
Consumer Bankruptcies (level)	8,150	5,969*	—	515			—		
% change	-18.4	-14.3*		-20.4					
Business Sector									
Rigs Drilling (level)	207	265	299.0	336	380	338	401	459	336
% change	61.3	37.9	3.7	28.7	10.4	25.8	7.6	9.9	7.5
NEW: Goods Exports (customs based)	12.4	18.3	15.0	20.9	29.4	14.3	13.5	16.7	
Energy	17.2	19.2	14.7	23.6	30.9	14.4	12.8	16.9	
Agriculture	-14.4	21.4	22.8	9.0	31.7	30.3	27.4	18.4	
Total Farm Cash Receipts (quarterly)	3.9	16.2	—	—	—	25.3	—	—	
Manufacturing Shipments	11.0	18.0	16.5	11.0	35.5	16.1	16.5	—	
Wholesale Trade	10.6	14.8	15.9	17.8	15.1	14.2	15.9		
Building Permits	2.1	11.2	-4.6	11.5	10.7	46.6	33.4	32.7	
Residential	24.7	4.7	36.8	20.5	90.0	33.6	24.2	50.3	
Non-residential	-19.0	20.4	33.9	0.6	19.1	47.1	51.7	53.2	
Business Bankruptcies (level)	378	227*	—	30			—		
% change	6.7	27.9*		9.0					

YTD (year- to- date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year over year percentage change.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 - June 30).

[3] Quarterly, average of Calgary and Edmonton.

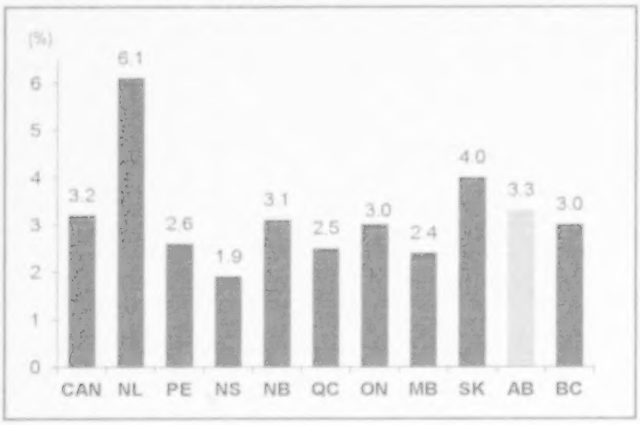
[4] Average of Calgary and Edmonton.

* Represents 2011 year- to- date.

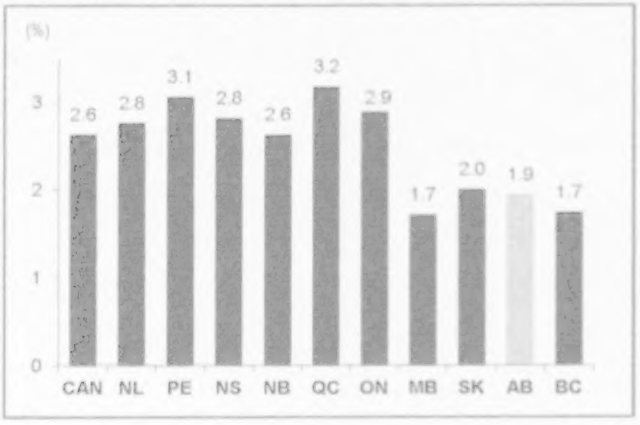
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

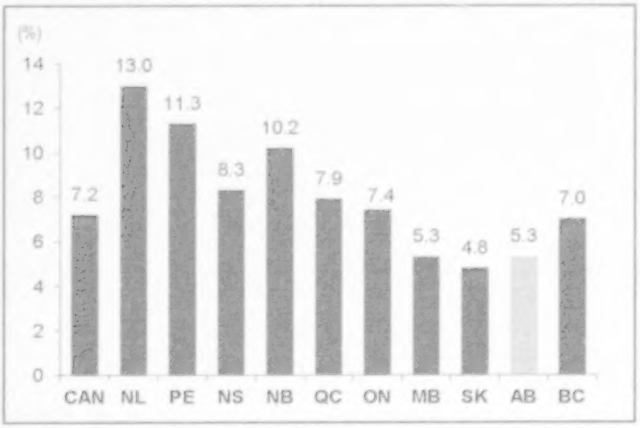
Real GDP Growth by Province
(2010, year-over-year growth)



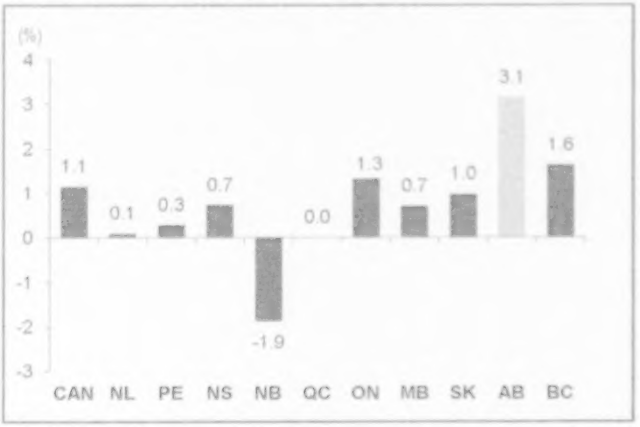
CPI Inflation
(February 2012, year-over-year growth)



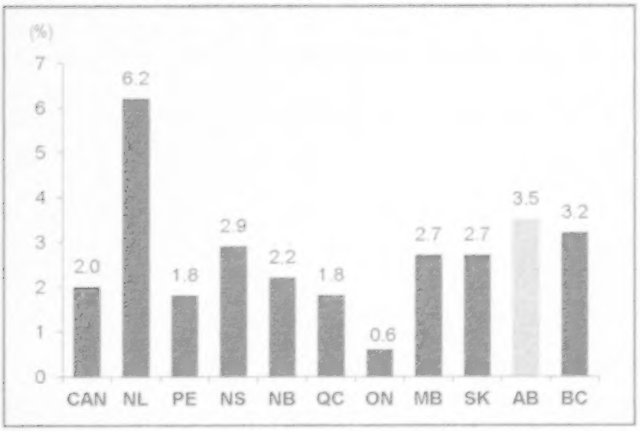
Unemployment Rate
(March 2012)



Employment
(March 2012, year-over-year growth)



Average Weekly Earnings
(January 2012, year-over-year growth)



Housing Starts
(March 2012, SAAR, year-over-year growth)